

Business Meals

Fact Sheet

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Business Meals Fact Sheet

A Practical Guide for Dental Practice Owners

The Bottom Line

The IRS has updated tax rules related to business meals and breakroom snacks as part of the recent O BBB Act. This change will impact all practice owners. We have outlined a common-sense approach to staying compliant with the new tax rules.

How Business Meal Deductions Work

Not all meals are treated equally by the IRS. Here's the common-sense breakdown:

- **50% Deductible:** Most business meals; lunch with a colleague, coffee with a referral source, or certain staff meals.
- **100% Deductible:** Meals for the entire team at company events like your annual holiday party, staff appreciation dinner, or birthday lunch celebration
- **Non-Deductible:**
 - Entertainment expenses like sporting events, concerts, or golf outings (even if business is discussed).
 - New starting in 2026: Office snacks for employees, breakroom coffee, and similar convenience items for employees.

Required Updates to Your Chart of Accounts

■ IMPORTANT: The AR bookkeeping team will NOT be posting to a "non-deductible" account. This adjustment is handled solely by the Tax Team during tax preparation.

Updated COA Structure – Meals & Office Expenses

COA should have the following accounts:

STAFF

- Staff Meals (50%)
- Staff Meals (100%)

OPERATING EXPENSES

- Office Expenses

OWNER FRINGE

- Meals – 50%
- Entertainment

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Our Common-Sense Approach

We believe your time is better spent caring for patients. We recommend the following approach to simplify your accounting process, while staying compliant:

- **50% Deductible:** Default coding: Restaurant/Meal charges from Uber Eats, DoorDash, Starbucks, etc. go to Owner Fringe Meals (50%) or Staff Meals (50%)
- **100% Deductible:** Large events: Restaurant/Meal charges (If we handle your bookkeeping, we will keep an eye on meal expenses over \$300). We will assume these are team events and will get coded to 100% deductible.
- **100% Deductible:** Amazon, Costco, Target, etc.: If we handle your bookkeeping, we assume these are office supplies or patient refreshments—no need to explain every purchase. Transactions will be posted to the Office Expense category. If your benchmarking average is an outlier, or number of transactions is outside of the norm, we will inquire further.
- **Non-Deductible:** Our tax team will apply a safe harbor adjustment to your business tax return for non-deductible office expenses at year-end.

Important Note Regarding Record Keeping:

You, as the business owner, are responsible for keeping track of all receipts (whether physical or digital copies), but for our accounting & tax purposes, we will only be requesting copies of invoices & receipts for larger expenses that we deem to be material. In other words, we are not going to waste your time requesting receipts for smaller transactions.

Click here to view [our Record Retention Resource to learn more about how long you need to keep specific business & accounting records.](#)

